

Migration Planning Guidance (Draft)

Section 3.5 Service Level Agreement Overview

This section provides an overview on Service Level Agreements, and offers an explanation of the Service Level Agreement Template in Section 3.6.

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Service Level Agreement Overview

This section provides an overview on Service Level Agreements, and offers an explanation of the Service Level Agreement Template in Section 3.6.

What is a Service Level Agreement (SLA)?¹

A Service Level Agreement (SLA) is a binding agreement negotiated between a service provider and a customer. The primary purpose of an SLA is to clearly document customer expectations and service provider obligations for the level and quality of service.

An SLA documents the boundaries and service level goals of the agreed-upon services that will be provided to a specific customer, and sets forth penalties if the service provider fails to provide the agreed-upon services or to meet the agreed-upon goals. In addition, an SLA defines items such as period of performance, cost, operating practices, and reporting policies. SLAs are useful when clarification of responsibilities is needed between the service provider and the customer. The clarification may be needed if the service provided is out-of-the ordinary, requires a charge for an ongoing service, or requires a commitment of staff to a specific service.

The difference between a memorandum of understanding (MOU), an interagency agreement (IAA), and an SLA²

First, customer agencies should work with their general counsel to understand the underlying legal issues that could affect the agency's ability to enter into any of these types of agreements. However, SLAs are already common between government and commercial providers.

Second, customer agencies must determine the number of agreement instruments it will require from the shared service provider. However, regardless of the number of instruments used, it is critical that customer agencies use a *single instrument* to cover or reference all of the content currently covered by separate documents, whether they are MOUs, IAAs, and/or SLAs.

¹ Source: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

² Source: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

Currently, MOUs, IAAs and SLAs³ may specify a payment or transfer of funds from one organization to another. In general, MOUs tend to be less formal agreements, and may or may not specify any level or quality of service, or may reference an SLA. IAAs do not usually specify any level or quality of service. On the other hand, SLAs are specifically used to establish level of service and standards of performance.

Roles and Responsibilities around the SLA⁴

The roles and responsibilities matrix identifies the major activities that are undertaken in executing an SLA. The suggested roles of the customer agency and the service provider are also identified.

Activity	Customer Agency	Service Provider
Draft SLA, including initial metrics and terms	R	A
Negotiate Metrics and Terms	A	P
Sign SLA	A	A
Report Metrics	P	A

KEY:

A – Accountable and responsible for completion of activity

R – Reviews the output of the activity

P – Approves the output of the activity

Writing the SLA

As indicated above, the SLA is typically written by the service provider, and must be negotiated and signed by both parties. Service providers approach writing the SLA in a number of ways; customers agencies should understand the approach taken by their potential service providers.

Approach	Pros	Cons
Negotiates custom SLAs for every customer, starting with a clean slate for every customer. Creates a new SLA that is tailored to the customer's specific needs.	Highly responsive to the customer's business objectives.	<ul style="list-style-type: none"> ▪ Labor intensive to develop. ▪ Increases the management burden on service provider because of low overlap in standard metrics and services between customers.
Creates standard service	<ul style="list-style-type: none"> ▪ Easy to create service tiers 	<ul style="list-style-type: none"> ▪ Service tiers may not reflect

³ In the context of E-Gov and Line of Business initiatives, MOUs and IAAs are the most common agreements used to transfer funds between agencies regarding the planning, development, and maintenance of E-Gov technical solutions (i.e. Grants.gov, Business Gateway).

⁴ Adapted from: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

Approach	Pros	Cons
tiers. Bundles the services offered into a number of different service tiers. Customers pick the one that best meets their needs.	<p>that are favorable and cost-effective for the service provider.</p> <ul style="list-style-type: none"> ▪ Simplifies customer evaluation of service provider's offering as it is clear and upfront about what they will get. ▪ Lower management burden on the service provider. 	<p>customer needs and objectives. Requires service provider to have a solid understanding of what is important to the target customers.</p> <ul style="list-style-type: none"> ▪ May not provide sufficient flexibility to the customer.
Drafts a standard SLA and customizes it with customer information. Uses a basic template for the SLA with defined metrics and performance baselines. Customizes it where necessary to meet customer needs.	<ul style="list-style-type: none"> ▪ Allows customers to negotiate what is important to them. ▪ Service provider can suggest services and metrics that are favorable and cost-effective for the service provider. ▪ Moderate management burden on the service provider. 	Without rigid discipline in negotiating, can turn into custom SLAs that are difficult to manage.

Source: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

Who should sign the SLA?⁵

Customer agencies should consult with their general counsel to determine who should sign the SLA. Generally, all key stakeholders should have an opportunity to review and provide input into the negotiated SLA. The final SLA should contain signatures of appropriate representatives from within the customer agency. This is often the agency CFO and/or CIO. The SLA should then be distributed to the appropriate staff and/or the SLA should be made available electronically.

Selecting SLA Metrics⁶

The metrics defined in the SLA are the standards the customer uses to evaluate whether the service provider is meeting its obligations for the level and quality of service as agreed to in the SLA.

Selecting the appropriate metrics can be complicated by the enormous number of potential metrics and must be tempered by considerations such as organizational experience with metrics, the type of behaviors to be motivated, and cost and effort of collection. It is important that customer agencies have some understanding of the metrics they would like to measure for two basic

⁵ Adapted from Service Level Agreements, Grants Management Line of Business Playbook, 2006.

⁶ Adapted from: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

reasons: the appropriate measures should be tied to the customer's business objectives; and, the measures drive service levels which, in turn, drive cost. There are higher costs associated with 100% availability versus 90% availability.

The Performance Measurements section (Section 3.7) of this Migration Planning Guidance Document includes potential metrics for the SLA.

Organizational Structure of the SLA Template

The structure of an SLA varies depending on the nature of services provided, legal requirements, and organizational policies. The following outline details common topics addressed in an SLA. The attached SLA template includes sample text for each section.

Section	Topics	Description of Section
I	Statement of Legal Authority	Documents the laws and legal codes that allow an agency to provide the services described in the SLA and enter into agreements of this nature with another agency.
II	Purpose	Describes reason(s) for executing this Service Level Agreement
III	Period of Performance	Outlines the period during and the terms under which this Agreement will be active.
IV	Services to be Provided	Outlines the services provided by the Provider Agency, may be a section within the SLA or an Appendix to the SLA. This section may also include sub-sections for: <ul style="list-style-type: none"> ▪ Service Level Objectives ▪ Responsibilities
V	Security	Addresses security requirements related to services included in this Agreement.
VI	Modification of Services (Optional Section)	Describes the process for modification of any services identified in this Agreement. May be further divided into: <ul style="list-style-type: none"> ▪ A. Service Modifications ▪ B. Renewal of Services
VII	Enforcement of Agreement	Describes the process for enforcing the SLA, and is typically further divided into:

Section	Topics	Description of Section
		<ul style="list-style-type: none"> ▪ A. Dispute resolution – outlines the manner in which disputes will be identified and resolved. ▪ B. Warranties and remedies (optional) – outlines the potential recourse actions. This section is optional based upon the shared service center's statutory authority. ▪ C. Review of agreement (optional) – Outlines the frequency of when review of the SLA should occur between the Provider Agency and the Customer Agency. OMB recommends an annual review. If warranted, an expected outcome of that review session is an action plan that addresses and plans for required activities agreed upon by both parties.
VIII	Points of Contact	<p>Identifies the persons who will serve as overall contact points (primary and alternate) for customer agency and the shared service provider.</p> <p>Each party should establish a principal POC for communications that is available during normal business hours. Alternatives must be established during vacation or travel. Furthermore, each primary POC must establish two secondary POCs.</p>
IX	Funding and Costs of Services	<p>Discusses funding and cost recovery, and is further divided into:</p> <ul style="list-style-type: none"> ▪ A. General funding Agreement ▪ B. Billing ▪ C. Incentive Credits and Penalties (optional) – optional based upon the shared service center's statutory authority.
X.	Termination of Agreement	<p>States the circumstances under which the SLA may be terminated. May be further subdivided into:</p> <ul style="list-style-type: none"> ▪ A. Voluntary ▪ B. Involuntary (optional)

Section	Topics	Description of Section
XI	Legal Terms	<p>This section outlines any specific legal terms that exist outside the SLA, and may include items such as Intellectual Property Rights, Confidentiality and Non-Disclosure agreements, License Rights of Use, etc. May be further divided into:</p> <ul style="list-style-type: none"> ▪ Governing Law ▪ Grant of License (optional) ▪ Intellectual Property (optional)
XII	Approvals	<p>Contains space for signatures to reflect an understanding and acceptance of the primary documentation described above for which the signatories are responsible.</p>
Attachment A	Services to be Provided	<p>Contains an opening paragraph that presents an overview of the services that are being provided. Services may be categorized as:</p> <ul style="list-style-type: none"> ▪ Baseline Services ▪ Optional Services ▪ Customer-unique Services <p>The categorization of services of baseline, optional and customer-unique is not necessary, but may be useful. In addition, this section can be subdivided into:</p> <ul style="list-style-type: none"> ▪ Services NOT included (optional) – specifically delineates services NOT included. This section specifically delineates services NOT included. ▪ Schedule (optional) – This section discusses the schedule for the services.
Attachment B	Service Level Objectives	<p>Outlines the basic level of performance for which the provider will assume responsibility. Outlines the levels of service quality that will be used, describes the metrics to which performance will be held, as well as how often the metrics will be assessed. May</p>

Section	Topics	Description of Section
		be a section within the SLA or an Appendix to the SLA.
Attachment C	Responsibilities	<p>Contains detailed responsibilities for both the Provider Agency and the Customer Agency regarding the provision of services under this SLA. May be a section within the SLA or an Appendix to the SLA. Typically further sub-divided into:</p> <ul style="list-style-type: none"> ▪ Customer Responsibilities ▪ Provider Responsibilities ▪ Formal Document Management (optional) – Addresses the policies and procedures for how the agencies will track formal documentation. The level of document management can be as rigorous or as simple as the two parties deem fit. ▪ Configuration Change Management – Addresses the policies and procedures for how the agencies will address impacts of changes to existing configurations.